

# Public Employees Health Program

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

*For the Year Ended June 30, 2012*



**LARSON & ROSENBERGER LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**



LARSON & ROSENBERGER LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Compliance and on  
Internal Control Over Financial Reporting Based Upon the Audit Performed in  
Accordance with Government Auditing Standards**

Utah State Retirement Board  
**Public Employees Health Program**

We have audited the financial statements of **Public Employees Health Program** as of and for the year ended June 30, 2012, and have issued our report thereon dated October 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Management of **Public Employee Health Program** is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit of the financial statements of the **Public Employees Health Program** (the Program) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Program's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain matters involving internal control and its operation that we have reported to the management of **Public Employees Health Program** in a separate letter, dated October 3, 2012.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management of the Program and the State of Utah Department of Insurance and is not intended to be and should not be used by anyone other than these specified parties.

*Larson & Rosenberger*

Salt Lake City, Utah  
October 3, 2012